

Superfund Program Implementation Manual FY04/05

**Chapter III: Superfund Budget Planning Process And Financial
Management**

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Chapter III Superfund Budget Process and Financial Management

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CHAPTER III

SUPERFUND BUDGET PLANNING PROCESS AND FINANCIAL MANAGEMENT

III.A. INTRODUCTION

This chapter discusses the impact of the Superfund Comprehensive Accomplishments Plan (SCAP) process on the development of the outyear budget, the regional operating plan and the quarterly Advice of Allowance (AOA) process, and outlines Superfund financial management responsibilities. Provided in this chapter is general information on the Fiscal Year (FY) 04/05 response, enforcement, and Federal facility extramural budgets including funding priorities. Also included is a comprehensive list of actions and the appropriate budget source to fund those actions.

Budget resources are categorized as programmatic and/or administrative resources. Examples of Superfund programmatic expenses are obligations and expenditures for site assessment, cleanup, enforcement, regulation development support, and Congressionally directed reports. Examples of administrative expenses are staff related costs, salaries, and overhead. This chapter focuses on the programmatic budget process; it does not discuss administrative resources. The latter half of the chapter focuses on financial management including HQ and regional roles and responsibilities, the tools and systems used to track financial information, the various funding mechanisms available to EPA to support Superfund cleanup, and the cost recovery process. Finally, the last section of the chapter provides listings of the Superfund contacts in both HQ and the regions for various aspects of the budgeting and financial management process.

III.B BUDGET PLANNING AND PRIORITIES

III.B.1 Budget Development Process

The budget process is ongoing and in any given month activities may be taking place for several budget years at the same time. For instance, in FY04, the FY06 (outyear) budget is being formulated, the FY05 budget (planning year) is being reviewed and amended, and the FY04 budget (current year) is being implemented.

a. Budget Formulation (Outyear)

The budget formulation process begins in the spring, eighteen months prior to the start of the FY for which the budget is being prepared. The budget is submitted to Office of Management and Budget (OMB) approximately sixteen months prior to the start of that FY. This means that SCAP data existing in the second quarter of FY 04 is used to formulate the FY 06 budget request. The schedules for all response, enforcement, and Federal facilities activities, and the planned obligations for Remedial Actions (RAs) and non time-critical removal actions reflected in CERCLIS/WasteLAN serve as the foundation for determining the dollar levels to be requested in the budget and the total level of Full-time Equivalents (FTEs) to be made available for distribution. As such, high quality site planning data are essential.

Priorities for budget formulation are guided by the Agency Strategic Plan. Output and outcome measures are defined for a five year period. Program initiatives that help achieve strategic goals and emphasize emerging priorities are defined annually through a series of executive level planning and decision meetings.

Budget requests, reflecting the Agency strategic plans approved initiatives and data in CERCLIS/WasteLAN, are prepared and sent to the Administrator in June/July. The Administrator makes any changes to the budget requests and passes them back to the program offices. The budget requests are revised and submitted to OMB in August. OMB

makes any changes to the budget requests and passes them back to EPA in November/December, nine months prior to the start of the budget FY. If the program offices do not agree with the budgets that are passed back from OMB, EPA initiates an appeals process in December. In mid-January, EPA prepares and submits the President's budget request. Generally, in the spring prior to the start of the FY, congressional hearings are held by appropriation committees on the President's Budget and action is taken to enact appropriations by the start of the fiscal year.

b. Budget Review and Planning (Planning Year)

The second phase of the budgeting process involves revising the budget to the extent possible and determining the allocation of funds for the regions for the upcoming fiscal year.

In the third quarter, HQ prepares the preliminary regional operating plan based on the President's budget request to Congress. In addition, program goals and priorities are first reviewed with the Administrator and then presented to the Regional Administrators. In some years, the appropriation is not enacted by the start of the fiscal year, and Congress passes a Continuing Resolution to fund the government until a final appropriation is enacted. Any increases, reductions or mandated redirections are reflected in the Agency's operating plan (generally 60 to 90 days after enactment of appropriations). In the fourth quarter, HQ reviews and analyzes regional planned financial information from CERCLIS/WasteLAN and discusses the proposed operating plan with the regions during the annual work planning sessions.

c. Budget Execution (Current Year)

Once the fiscal year begins and the appropriation is made, an operating plan is submitted to Congress for approval and a portion of the operating plan is allocated to the regions through advises of allowance (AOA).

Exhibit III.1 provides a timeline of the FY 04, FY 05, and FY 06 budget/financial activities. Timing for some activities is dependent on the completion of other actions; e.g., on occasion Congress does not pass an appropriation by the beginning of the fiscal year. The first quarter AOA is not issued until there is an appropriation and the Interim Operating Plan is loaded in the Agency's Budget Automated System. In recent years this has occurred as late as February.

**EXHIBIT III-1
BUDGET TIMELINE***

Month, Year	Outyear Budget (FY 06)	Planning Year Budget (FY 05)	Current Year Budget (FY 04)
October 2003	Revision to the Agency Strategic Plan begins.		<ul style="list-style-type: none"> • Congress appropriates dollars to the Agency in the form of an annual appropriation or continuing resolution. • EPA submits Agency Operating Plan to Congress for approval • AA SWER and OC approve allocation of the first and second quarter portion of the AOA for the response budget • AA OECA and OC approve allocation of the initial technical enforcement AOA and the full year AOA for the legal case budget
November 2003		<ul style="list-style-type: none"> • OMB passback of budget request 	
December 2003		<ul style="list-style-type: none"> • HQ appeal of the OMB budget passback 	<ul style="list-style-type: none"> • December 31 is the end of the first quarter.
January 2004		<ul style="list-style-type: none"> • President's Budget submitted to Congress 	
March 2004		<ul style="list-style-type: none"> • Congressional Appropriation Hearing on President's Budget 	<ul style="list-style-type: none"> • Agency typically has determined how to allocate prior year carryover. • Operating plan typically has been enacted and loaded into IFMS which becomes opened to reprogrammings. • Third quarter response AOAs and remaining enforcement AOA calculated • March 31 is the end of the 2nd quarter.

Month, Year	Outyear Budget (FY 06)	Planning Year Budget (FY 05)	Current Year Budget (FY 04)
April 2004	<ul style="list-style-type: none"> Annual Planning Meeting for FY06 held 	<ul style="list-style-type: none"> HQ prepares preliminary regional operating plan 	<ul style="list-style-type: none"> Mid-year assessment held to evaluate utilization of regional programmatic budgets AA SWER and OC approve third quarter AOA for response AA OECA and OC approve final planned AOA for enforcement HQ summarizes resource distribution by function and statutes
May 2004		<ul style="list-style-type: none"> Regions generate their plan Meeting with the Administrator to review program goals 	
June 2004	<ul style="list-style-type: none"> HQ pulls financial planning information from CERCLIS Investments presented to the Administrator/Regional Administrators Administrator and OC provide policy for budget formulation 	<ul style="list-style-type: none"> Regions generate their plan. HQ pulls financial planning information from CERCLIS/WasteLAN Goals and priorities presented to the Administrator/Regional Administrators 	<ul style="list-style-type: none"> Fourth quarter response AOAs calculated June is the end of the 3rd quarter.
July 2004	<ul style="list-style-type: none"> Superfund investment summaries submitted to the Administrator and budget proposal to OC Presentation made to Administrator/Deputy Administrator (DA) on program priorities Administrator passback 	<ul style="list-style-type: none"> HQ reviews and analyzes regional budget request 	<ul style="list-style-type: none"> AA SWER and OC approve fourth quarter response AOAs HQ pulls target/accomplishment and financial data from CERCLIS/WasteLAN for analysis of regional obligation/commitment rate

Month, Year	Outyear Budget (FY 06)	Planning Year Budget (FY 05)	Current Year Budget (FY 04)
August 2004	<ul style="list-style-type: none"> HQ pulls data from CERCLIS for the development of the budget for submission to OMB HQ develops strategy for presenting the budget to OMB HQ submits budget to OMB 	<ul style="list-style-type: none"> HQ/regional work planning sessions held to establish mid-year and end-of-year budget/targets and operating plan (maybe held off until first quarter time frame). 	<ul style="list-style-type: none"> HQ continues to pull target/accomplishment and financial data from CERCLIS/WasteLAN for analysis of regional obligation/commitment rate
September 2004		<ul style="list-style-type: none"> First and second quarter AOA calculated 	<ul style="list-style-type: none"> HQ continues to pull target/accomplishment and financial data from CERCLIS/WasteLAN for analysis of regional obligation/commitment rate September 30 is the end of the 4th quarter and end of the fiscal year.

* Reprogramming does not take place until the Agency has an operating plan enacted by Congress.

III.B.2 Budget Structure

Program Results Code (PRC) and National Program Managers (NPM)

Note: At the time this chapter was written, the Agency's Strategic Plan was in the process of being revised to adopt a new five goal structure. In FY 04, the PRCs will be changed to reflect the new five goal structure. This chapter will be revised once the changes to the budget structure are known.

The Agency's budget structure is designed to reflect the Agency's Strategic Plan and annual commitment made under the Government Performance and Results Act (GPRA). Resources for Superfund cleanup and response activities and the civil enforcement program are primarily found under Goal 5, objective 01, and are divided across several subobjectives (primarily 02 for response and Federal facilities response and 03 for enforcement). The Program Results code (PRC) is the account number for the program field and is structured so it identifies the goal, objective, sub-objective and National Program Manager (NPM) associated with those resources. The NPM identifier is an alpha character used in the 6th position of the PRC. For instance, common NPMs for Superfund are "D" for OSWER and "E" for OECA. In addition, the Response Program includes a special tracking code, also referred to as an AOA code to identify each allowance, e.g., Removal, Remedial, Pipeline and Federal Facility Response.

It is important to distinguish among Superfund resources because Congress establishes Superfund spending caps in the appropriations report language. These spending caps are referred to as functions. Functions are currently defined as 1) Response, 2) Enforcement, 3) Management and Support. Exhibit III.2 shows PRCs that support key program areas. The exhibit also identifies the special tracking codes of the Advices of Allowance (AOA) that the Response program uses to allocate resources to the Regions. See Section III.C.2.

EXHIBIT III-2
Program Results Code (PRC)

Program	Program Results Code	Special Tracking Code (AOA Code)
Response Program		
Remedial Action	302DD2	R
Pipeline Operations	302DD2	P
Removal		
Removal Actions	302DC6	E
Removal Support	302DC6	S
Homeland Security	302D72	C
Federal Facility Response	302DC9	F
Enforcement - Technical and Legal	302EC7	none
Federal Facility Enforcement	302ED1	none

For further discussion on Superfund accounting information, please see section III.D.2 in this chapter.

III.B.3 FY04/05 Superfund Program Goals and Priorities

The FY04/05 Superfund budget reflects a continued commitment to implementing GPRA with emphasis on completing construction at contaminated waste sites and maximizing PRP involvement in site cleanup. Each Program Budget addresses a different set of goals and priorities to achieve these aims.

Please note OSWER has undergone reorganization shifting Homeland Security and Removal functions to a new program budget under OEPPR.

a. Response Program Budget (302DD2)

The response program budget provides funds for:

- Site assessment and listing the highest risk sites on the NPL;
- Fund-financed Remedial Investigation/Feasibility Study (RI/FS), Remedial Design (RD), and Remedial Action (RA) projects;
- Oversight of all RP-lead RI/FS, RD, RA, and removal projects;
- Post Construction activities including Five-Year Reviews;
- Core Program cooperative agreements which assist states and tribes in developing infrastructure to support the federal Superfund program.
- Support activities, such as laboratory support;
- Community involvement;

- Support for redevelopment and reuse of Superfund sites after cleanup;
- Information management/data quality;
- New Non-time critical (NTC) removal actions above base removal budget;

b. Homeland Security and Removal (302DC61/302D72)

- Emergency and time critical removal actions to address the region's highest priority response actions at NPL and non-NPL sites to ensure that worst sites are being addressed first; and
- Homeland security readiness and response.

The first priorities for response funding are classic emergencies and activities at sites that will be used to meet the national construction completion goals. Ongoing RAs, mixed funding, and mixed work projects receive priority for funding over new cleanup work. New Fund-financed cleanup work (with the exception of emergency and time-critical removal actions) will be subject to priority ranking by the National Risk-Based Priority Panel and will be screened to ensure actions have been taken to compel all appropriate PRPs to conduct the cleanup. The Panel consists of representatives from each region and HQ (OSRTI and OSRE) and utilizes a risk-based environmental priority setting approach. New cleanup work is funded based on actual or potential risks to human health and the environment as well as the need to maintain construction progress. Determination on whether a project represents new or existing work will be made by the Panel. New cleanup work consists of large removal actions that exceed funding levels available within a region's baseline removal budget, as well as cleanup activities at sites where no previous actions have taken place. The panel meets one or more times a year for evaluation of projects.

c. Enforcement Budget (302EC7)

The enforcement budget is a combination of technical enforcement and legal enforcement resources. Both are funded under the OECA NPM. The enforcement case budget, both technical and legal, provides support for accomplishing goals and priorities, including:

- Addressing all cost recovery cases with total outstanding costs greater than \$200,000 for SOLs that may expire during or within six months of the budget year;
- Issuing of oversight bills in a timely fashion;
- Timely collection of Superfund accounts receivable;
- Focusing on collection of outstanding monies due to the Fund;
- Enhanced PRP searches (including those that support removal actions, orphan share determinations and *de minimis* settlements);
- Timely negotiations of PRP response actions;
- Maintaining ongoing litigation for response and cost recovery;
- Ensuring PRP compliance with all work and cost recovery settlements;
- Settlements with *de minimis* parties and municipalities;

OSWER Directive 9200.3-14-1G-Q

- Orphan share determinations/offers; and
- Issuing UAOs to the “largest manageable” number of PRPs.

d. Federal Facilities Response Budget (302DC9)

The Federal facilities response budget provides support for response work at all NPL Federal facilities. The following activities are priorities:

- Involving communities in the cleanup decision process;
- Maintaining ongoing oversight activities; and
- Expediting response where possible.

For Base Realignment and Closure (BRAC) sites where oversight is needed, extramural funds can be used from this PRC.

e. Federal Facilities Enforcement Budget (302ED1)

The Federal facilities enforcement budget (50104E) provides support for Federal Facility Agreement (FFA) (also known as Interagency Agreement (IAG)) negotiation activities as well as activities that ensure compliance with the FFAs. Specifically, 50104E provides support for:

- Negotiating FFAs /IAGs with Federal facilities listed on the NPL;
- Negotiating FFA/IAG amendments;
- Monitoring milestones and conducting oversight of all enforceable requirements to ensure proper implementation of signed FFA/IAG,
- Dispute resolution activities (as defined within each FFA) during FFA negotiations.

III.C. REGIONAL OPERATING PLAN AND ADVICE OF ALLOWANCE DEVELOPMENT

III.C.1 Allocating Superfund Resources Among the Regions

Superfund appropriation resources are primarily classified into three functional categories based on congressional direction: Response, Enforcement, and Management and Support. Within these functions, several National Program Managers and their Offices have responsibility for managing and allocating the Superfund appropriation resources. Within the Response function, this manual focuses on the allocation of regional extramural resources for the Superfund Remedial Response, Federal Facilities Response, and Homeland Security/Emergency Response programs. Within the Enforcement function, this manual applies to the extramural resources associated with the Superfund Enforcement and Federal Facilities Enforcement programs. This manual does not discuss Superfund appropriation resources related to the Management and Support function.

Each Superfund program addressed here has specific procedures for allocating extramural resources among the Regions, using Advices of Allowance (AOAs) to control and track resource use. Within each AOA, Regions are required to plan obligations in CERCLIS/WasteLAN. Obligations and expenditures are also tracked by AOA through the Integrated Financial Management System (IFMS) accounting code structure.

The Superfund Comprehensive Accomplishments Plan (SCAP) refers to both the annual work planning process for projecting accomplishments for a subject fiscal year and for the accomplishment reporting mechanism. Within the SCAP process, Regions plan obligations either site-, project-, OU-, or non-site specifically within each AOA. Some planned obligations are associated with specific site activities, while other planned obligations are estimates of total funding required for an activity within a Region (i.e., contract bulk funding). The CERCLIS/WasteLAN database has been designed to accommodate site- and non-site specific planning, although Regions should plan obligations site-specifically to the maximum extent practicable. Regions should also be certain all their extramural funding needs are reflected in CERCLIS/WasteLAN and correspond with the appropriate program AOA.

Regions are responsible for managing the funds issued in each AOA, and for operating within budget ceilings, floors, and other restrictions, and may not shift among functions (Response, Enforcement, and Management and Support). To the extent practicable, the regional budget for each AOA must balance at all times with the sum of actual obligations, open commitments to date, and remaining planned approved (discussed below) obligations. Planned and actual obligations of funds recertified to the Regions should be included in the “approved” regional budget. Regions should also enter planned obligations in CERCLIS/WasteLAN for reimbursable account resources (i.e., settlement and State cost share resources) as “approved,” using the appropriate AOA codes.

Generally, funds may be shifted within a function between programmatic and administrative budget object classes (BOCs) and may be reprogrammed between Allowance Holders and/or Regions as long as they remain within the designated function. In all cases, the Region must update CERCLIS/WasteLAN whenever funds are redirected/reprogrammed from their planned use. Headquarters must approve in advance the reprogramming of any resources among AOAs.

The Headquarters program offices regularly review IFMS obligations against the AOAs. During the last quarter of the year, OSWER and OECA will work with the Regions as necessary to ensure that all AOAs and obligations are aligned prior to year-end closing.

III.C.2 Remedial Response Program Budget

The Remedial Response program budget includes two AOAs, Remedial Action and Pipeline Operations, which are managed by the Office of Superfund Remediation and Technology Innovation (**OSRTI**). Each year, Headquarters determines the amount of resources to allocate these AOAs based on the process for developing the Agency’s annual Operating Plan.

III.C.2.a. Remedial Action AOA

Regions are required to enter all planned obligations site-specifically in CERCLIS/WasteLAN within the Remedial Action AOA (AOA account code R), which includes remedial actions, long-term response actions, five-year reviews, and non-time-critical removals at NPL sites. The funding status of all planned obligations initially must be designated as “alternate” in the Remedial Action AOA in CERCLIS/WasteLAN.

Through the annual work planning process, **OSRTI** will develop a Remedial Action AOA funding plan using planned obligation data from CERCLIS/WasteLAN, projections of the availability of funds, and National Risk-Based Priority Panel project rankings. Once **OSRTI** issues its initial funding plan, Regions must switch the funding status designation in CERCLIS/WasteLAN from “alternate” to “approved” for the selected site-specific obligations. Planned obligations of funds that are recertified to a Region in the Remedial Action AOA should also be designated as “approved.” Those

planned obligations that maintain the “alternate” designation should include only the activities the Region would conduct if additional resources become available and will form the basis for additional funding decisions. During the course of the year, Regions must continuously update planned “alternate” obligations to accurately reflect the current year’s additional funding needs.

Once an appropriation is enacted, Headquarters will allocate, pursuant to the Agency Interim and Final Operating Plans, funds to the Regions based on the **OSRTI** Remedial Action AOA funding plan. Regions are required to obtain **OSRTI** approval of any proposed changes to the funding plan greater than \$100,000, (e.g., shift resources among sites or activities within the Remedial Action AOA) and record all changes to planned obligations in CERCLIS/WasteLAN. If the fiscal year begins without an enacted appropriation, Headquarters will allocate available resources to each Region on a case-specific basis until an appropriation is enacted and the Operating Plan is approved.

Because of the changing needs of the Regions during the course of the year, **OSRTI** will continually monitor Regional obligation rates and usage of the Remedial Action AOA resources. Based on mid-year regional reviews, **OSRTI** will update the Remedial Action AOA funding plan to reflect changes in Regions’ resource needs as well as additional resources that may become available (e.g., through deobligations). However, on a case-specific basis, **OSRTI** also may issue additional resources to a Region or allow it to use existing resources for work that is not included in the funding plan. Unless otherwise directed by **OSRTI**, and except for deviations of \$100,000 or less, Regions are required to return to Headquarters, through the reprogramming process, allocated resources that will not be used according to the funding plan. **OSRTI** will include these resources in a national resource pool from which it will fund remaining program priorities. Regions may not shift resources into or out of the Remedial Action AOA without prior **OSRTI** approval.

III.C.2.b. Pipeline Operations AOA

The Pipeline Operations AOA (AOA account code P) is distributed among the Regions based on the Pipeline Allocation Model. A portion of the allocation is based on historical allocations and the remaining portion is based on a work-based scoring system. At the initiation of the annual work planning process **OSRTI** will provide general guidance regarding its projections of the funding that will be available to the Regions through the Pipeline Operations AOA. Using this information, each Region will develop its Pipeline Operations AOA portion of its program operating plan and enter its planned obligations and accomplishments into CERCLIS/WasteLAN. Pursuant to work planning discussions with Headquarters and refined resource allocation projections based on the Pipeline Allocation Model, Regions will finalize their program operating plans in CERCLIS/WasteLAN. **OSRTI** will then finalize the Pipeline Operation AOA allocation using the Pipeline Allocation Model.

Planned obligations for regional activities within this AOA must fall within the total identified level, and should be shown in CERCLIS/WasteLAN by selecting "approved" from the Funding Status drop down list associated with the appropriate AOA category on the Budget Allowance Detail Backup screen. Funding needs above the Headquarters proposed total budget level must be designated as "alternate."

At the beginning of the fiscal year Headquarters will issue 60% of the Pipeline Operations AOA among the Regions. Headquarters will issue 20% of the AOA at the beginning of each of the 3rd and 4th quarters. If a Region's commitment/obligation rate is less than 50% at the end of the second quarter, Headquarters may delay the remaining allocation to the Region and renegotiate the Region's program operating plan for the remainder of the year, which could result in a reduction in the Region's budget. If the fiscal year begins without an enacted appropriation, Headquarters will allocate an equivalent share of the available resources to each Region until an appropriation is enacted and the Operating Plan is approved. Funds from the Pipeline Operations AOA may not be moved to any other AOA without prior **OSRTI** approval.

III.C.3. Homeland Security/Removal Response Program Budget

The Homeland Security/Removal response program budget is newly created for FY 2004. This budget has been created as a result of increased emphasis on homeland security and a FY 2003 OSWER reorganization that shifted responsibility for the removal program from **OSRTI** to the **Office of Emergency Preparedness, Prevention and Response (OEPPR)**. During FY 2003, two AOAs separately addressed homeland security (AOA account code C) and removal (AOA account code E) within CEPPPO, **now OEPPR**, and OERR, **now OSRTI**, respectively. **The structure of the new budget and the SCAP process associated with it is currently under development. This section of the SPIM will be revised once the process for this budget is complete.**

III.C.4 Federal Facilities Superfund Response Program Budget

The Federal Facilities Superfund response program budget consists of one AOA (AOA account code F) which is managed by the Federal Facilities Restoration and Reuse Office (FFRRO). Under this AOA, each Region will receive 50% of its portion of the approved budget request during the first quarter, provided that the Agency has an enacted budget, and the remainder during the third quarter. Regional Federal Facilities Superfund Response budgets are determined during the annual workplanning sessions. If a Region has a low obligation rate, discussions will be held prior to third quarter distribution as to whether there is a need for the remainder of the funds. To request additional funds, a Region should contact FFRRO. Please include the amount needed and an explanation for the use of funds.

Funds may be redirected within the Federal Facilities AOA to other BOCs and to other Regions or Headquarters offices, but may not be moved out of the Federal Facilities AOA without Headquarters prior approval.

Base Realignment and Closure (BRAC) Resources - To assist the Department of Defense (DoD) with cleaning up and transferring selected BRAC properties, DoD provides dollars to EPA to cover the cost for those employees working in the BRAC program. Once DoD receives authority to obligate resources, the U.S. Army transfers half of the BRAC allocation to EPA via a Military Interdepartmental Purchase Request (MIPR). Once there is a fully executed Interagency Agreement (IAG) in place, resources (including Ecological Risk resources for **OSRTI**) are distributed via a reprogramming to the various Allowance Holders. Although resources are not loaded into IFMS on an installation-specific basis, DoD's annual funding notification letter indicates the FTE level for each installation. Before the funding level for a BRAC installation can be changed, EPA must first receive written approval from the U.S. Army.

III.C.5 Enforcement Program Budget

The Enforcement program budget includes two components, technical and legal, which are managed by the Office of Site Remediation Enforcement. No account code for the AOA currently exists. The initial operating budget for technical enforcement is allocated based on each Region's share of the usage rate (as measured by expenditures for the current year to date and the preceding year) for enforcement activities. Headquarters allocates 70% of the President's budget request (if there has been congressional appropriation committee mark-up, it will be the lesser of the two) in the Phase 1 and 2 Operating Plan. This initial allocation will be made available in the Interim Operating Plan for spending as soon as the appropriation is passed by Congress and signed by the President.

An additional allocation will be made in the third quarter of the fiscal year for technical enforcement. OSRE will issue a call to the Regions in early March for requests for additional funding. Emphasis will be placed on funding program priorities which will be outlined in the call. The call will consider all sources of funding not previously allocated, including the remaining new obligating authority not allocated in the Interim Operating Plan, carryover of funds from the previous year, projected reprogramming, and a projection of regional resources to be deobligated and recertified. This second allocation of funds will be distributed around the beginning of May.

The legal enforcement budget is allocated equally between all ten Regions and made fully available in the Interim Operating Plan.

Funds must not move into or out of the Enforcement function without Congressional approval. Funds may be redirected within the Enforcement AOA to other BOCs and to other Regions or Headquarters offices.

III.C.6 Federal Facilities Enforcement Program Budget

The Federal Facilities Enforcement program budget consists of two components, an EPM appropriation and a Superfund appropriation, which are managed by the Federal Facilities Enforcement Office. No account code for the AOA currently exists. At the beginning of the fiscal year, FFEO informs the regional Federal Facility Program Managers the amount each Region is allocated. The Regions are requested to provide FFEO with prioritized requests for resources, not to exceed the allocated amount. The resources consist of New Obligor Authority (NOA), and carryover of prior year funds. The funds are disbursed by project, and monitored by Headquarters.

Funds may not move into or out of the Enforcement function without Congressional approval. Funds may be redirected within the Federal Facility Enforcement AOA to other BOCs and to other Regions or Headquarters offices.

III.C.7 Deobligating Prior Year Funds

Another potential source of funding are obligations made in prior years where all payments have been made, the obligation is inactive, and there remains an unliquidated balance. Once it has been determined by the appropriate official that the unliquidated obligation is not needed, that amount may be deobligated. As a no-year appropriation, Superfund dollars which are obligated before the end of a given fiscal year and deobligated in a subsequent year may be recovered by the Agency and obligated again in that same year. These funds are reappropriated to the Agency by OMB and reissued to the Allowance Holders through a process called recertification. All recertified funds must be obligated within the fiscal year of deobligation.

Each year, the Annual Planning and Budget Division in the Office of the Chief Financial Officer along with **OSRTI**, **OECA**, and **OEPFR** jointly issues the Superfund Deobligation Guidance with OSRE. It explains the general procedures for deobligation of funds and the specific procedures as required by the National Program Manager (NPM) for the recertification of funds.

The deobligation of prior year funds is a good fiscal management practice and one which helps offset shortfalls in the Superfund budget. Regions should actively pursue deobligation of prior year funds. Projects prime for deobligation include Interagency Agreements (IAGs) with the U.S. Army Corps of Engineers (USACE) where the projects have been completed, Fund-lead RAs taken over by the PRPs, and Fund-lead RAs where the actual construction contract award and oversight costs will be significantly less than the funds obligated. Expired contract are another prime course of funds available for deobligation. Regions may request that their share of deobligated funds be recertified and returned to the Region to address priority needs. Headquarters will work with the OCFO to ensure that any funds deobligated are returned to the Region through the recertification process following the guidelines established in the Superfund Deobligation Policy.

III.C.8 Budget Object Classes

Resources are used for funding programmatic needs and are divided into several different budget object classes (BOCs). This includes Programmatic Contracts and Interagency Agreements (IAGs) - BOC **37**; Grants and Cooperative Agreements - BOC 41; and Programmatic expenses - BOC **36**. In addition, Site-Specific Travel - BOC 28 is also funded using programmatic dollars.

Site-specific travel is traditionally managed as an administrative expense, but in the Superfund budget structure, site-specific travel is considered a programmatic expense. As such, program dollars can be used to fund site-specific travel. Regions can use up to \$150,000 or 0.5% (whichever is greater) of their Pipeline Operations AOA to support site-specific travel. Regions need to prioritize their program funding needs since dollars for site-specific travel must come out of the

regional programmatic budget allocation. Funds may be reprogrammed between object classes without Headquarters approval. Headquarters will not increase a Region's budget or AOA to replace extramural funds used for site-specific travel.

III.C.9 Regional Change Requests for Reprogramming Among AOAs

In some situations, a reprogramming is required as a result of regional changes to the SCAP. Exhibit III.4 identifies flexible funding and other situations where an AOA change request is required. Headquarters will not approve a change request unless CERCLIS/WasteLAN is revised to reflect the change. Regions should submit all change requests to the appropriate OSWER or OECA contact via e-mail. The following information should be provided for a change request:

- Purpose/justification;
- Amount;
- Site name and Site Spill Identification (SSID) if the AOA is issued site-specifically;
- Program Results Codes; and
- Allowance that is being increased and/or allowance that is being decreased.

If the change request is a reprogramming of funds between AOAs, the net change should equal zero. The change request must be transmitted by authorized personnel in the Region's financial office. The site-specific record in CERCLIS/WasteLAN should be revised when the change request is transmitted. Regions should not initiate any obligations against the change until the OC and OSWER or OECA approve the revised AOA. Change requests generally take two weeks to process and approve. There is a \$500,000 limit for reprogramming between program results codes (per action), and the request must be approved by the OC.

III.C.10 Budget Sources and Associated Action Codes

Exhibit III.6 identifies the major actions and the appropriate budget source (depending on the project/action lead) for planned obligations, as well as the AOA category under which each action falls. **Because of the recent creation of the Homeland Security (counter-terrorism) AOA and due to the recent reorganization of management responsibility of the removal program from OSRTI to OEPPR, the Budget Sources for action codes associated with Homeland Security/Removal program will be revised during FY 2004. Until these revisions are issued, Regions should use the most appropriate action codes for the costs of activities conducted within the Homeland Security and Removal AOAs (AOA account codes C and E, respectively).**

EXHIBIT III-3
WHO PAYS FOR WHAT

CERCLIS/WasteLAN ACTION NAME	ACTION CODE	SITE DESIGNATION	LEAD	BUDGET SOURCE/ AOA CATEGORY
Administrative Records	AR	S	CG, EP, F, S, TR	Pipeline Operations
			FF	Federal Facility Response
			FE, SE	Enforcement
Aerial Survey	AS	R	CG, EP, F, S, TR, RP, PS, MR	Pipeline Operations, Removal
			FF	Federal Facility Response
Alternative Dispute Resolution	AD	B	CG, TR, F, PS, S, EP,	Pipeline Operations
			SE, FE	Enforcement

**EXHIBIT III-3
WHO PAYS FOR WHAT**

CERCLIS/WasteLAN ACTION NAME	ACTION CODE	SITE DESIGNATION	LEAD	BUDGET SOURCE/ AOA CATEGORY
Bulk Funding (outlays must not be charged to the WQ code, and with the exception of Core Program funding, outlays must be action-and site-specific)	WQ	R (with exception for core program funding)	F FF FE	Pipeline Operations Federal Facility Response Enforcement
Claim in Bankruptcy Proceedings	CB	S	FE	Enforcement
Combined RI/FS	CO	S	F, S, TR, SA, SS, ST, EP	Pipeline Operations
Combined PA/SI Deleted - Use Generic PA/SI (QB)	NX			
Community Involvement (non-federal facility)	CR	S <i>* Regions may plan using 'WQ' but must obligate site-specifically.</i>	EP, F, S, TR, RP, PS, MR	Pipeline Operations
Compliance Enforcement	UZ	S	FE, SE	Enforcement
Contract Management	JU	B	F FE FF	Pipeline Operations Enforcement Federal Facility Response
Contract Program Management (Administrative) Deleted - Use Contract Management (JU)	QC			
Cost Recovery Negotiation	NE	S	FE, SE	Enforcement
Cost Recovery Decision Document Deleted - Use NPL PRP Search (NS) or Non-NPL PRP Search (RP)	DD			
Deletion from NPL Deleted - Use Administrative Records (AR)	ND			
Design Assistance	DA	S	EP, F, S, TR, RP, PS, MR FF	Pipeline Operations Federal Facility Response
Ecological Risk Assessment Deleted - Use Risk Assessment (ED)	JF			
Enforcement Contract Management Deleted - Use Contract Management (JU)	TM			
Engineering Evaluation/Cost Analysis	EE	S	CG, EP, F, S, TR, RP, PS, MR, SA, SS, ST FF	Pipeline Operations Federal Facility Response

**EXHIBIT III-3
WHO PAYS FOR WHAT**

CERCLIS/WasteLAN ACTION NAME	ACTION CODE	SITE DESIGNATION	LEAD	BUDGET SOURCE/ AOA CATEGORY
ESI/RI	SS	S	EP, F, S, TR FF	Pipeline Operations Federal Facility Response
ESI (Expanded Site Inspection)	ES	S	EP, F, S, TR	Pipeline Operations
Feasibility Study	FS	S	EP, F, S, TR, SA, SS, ST	Pipeline Operations
Federal Facility and BRAC General Support and Management	TX	N	FF	Federal Facility Response
Federal Facility Docket Deleted - Use Records Management (SW)	GA			
FF FS Deleted - Use FF Oversight (OX)	NI			
FF Oversight	OX	S <i>* Regions may plan using 'WQ' but must obligate site- specifically.</i>	FF	Federal Facility Response
FF ESI Review	TZ	R	EP, F, S, TR FF	Pipeline Operations Federal Facility Response
FF Community Involvement	LZ	S	FF	Federal Facility Response
FF PA Review	RX	R	EP, F, S, TR FF	Pipeline Operations Federal Facility Response
FF RD Deleted - Use FF Oversight (OX)	LX			
FF Removal Deleted - Use FF Oversight (OX)	LV			
FF RI Deleted - Use FF Oversight (OX)	NH			
FF RI/FS Deleted - Use FF Oversight (OX)	LW			
FF SI Review	TY	R	EP, F, S, TR FF	Pipeline Operations Federal Facility Response
FF RA Deleted - Use FF Oversight (OX)	LY			
Final Listing on NPL Deleted - Use Administrative Records (AR)	NF			

**EXHIBIT III-3
WHO PAYS FOR WHAT**

CERCLIS/WasteLAN ACTION NAME	ACTION CODE	SITE DESIGNATION	LEAD	BUDGET SOURCE/ AOA CATEGORY
Five Year Review (Regions may bulk fund this action using the 'FE' action code and the 'WQ' SSID, but outlays must be site-specific.)	FE	S	EP, F, S, TR RP, PS	Remedial Action Pipeline Operations
			FF	Federal Facility Response
Forward Planning /Redevelopment/Reuse	FM	S	F	Pipeline Operations
General Enforcement	GE	N	FE	Enforcement Federal Facility Enforcement
General Support and Management	BM	N	F	Pipeline Operations, Removal
Generic PA/SI	QB	R	EP, F, S, TR	Pipeline Operations
			FF	Federal Facility Response
Groundwater Monitoring - Post ROD	GM	S	EP, F, S, TR, RP, PS, MR	Pipeline Operations
			FF	Federal Facility Response
Health Assessment Deleted - Use Risk Assessment (ED)	HA			
HRS Package	HR	S	EP, F, S, TR	Pipeline Operations
IAG Negotiation Deleted - Use Negotiation - Generic (NG)	IN			
Information Mgt Support	IJ	B	F	Pipeline Operations
			FE	Enforcement
			FF	Federal Facility Response
Integrated Assessment	EA	R	EP, F, S, TR	Pipeline Operations
			FF	Federal Facility Response
Integrated Assessment Combined PA/SI Deleted - Use Generic PA/SI (QB)	OU			
Integrated Assessment ESI Deleted - Use Generic PA/SI (QB)	OY			
Integrated Assessment ESI/RI Deleted - Use Generic PA/SI (QB)	OV			
Integrated Assessment HRS Package Deleted - Use Generic PA/SA (QB)	OZ			
Integrated Assessment PA Deleted - Use Generic PA/SI (QB)	PX			
Integrated Assessment SI Deleted - Use Generic PA/SI (QB)	QJ			

**EXHIBIT III-3
WHO PAYS FOR WHAT**

CERCLIS/WasteLAN ACTION NAME	ACTION CODE	SITE DESIGNATION	LEAD	BUDGET SOURCE/ AOA CATEGORY
Laboratory Support	LA	B	F FE FF	Pipeline Operations Enforcement Federal Facility Response
Litigation - Generic	LT	S	FE, SE	Enforcement
Local Government Reimbursement	EV	S	F	Pipeline Operations
Long Term Response Action (LTRA)	LR	S	EP, F, S, TR, SA, SS, ST	Remedial Action
Management Assistance - Deleted - Use State Agency Support Cooperative Agreement	MA			
Multi-Site Cooperative Agreement Deleted - Use State Support Agency Cooperative Agreement (MA), Generic PA/SI (QB), or Bulk Funding (WQ) as appropriate	MS			
Negotiation - Generic	NG	S	FE, SE	Enforcement, Federal Facility Enforcement
Non-NPL PRP Search	RP	R	FE, SE	Enforcement
NPL RP Search	NS	S	FE, SE	Enforcement
Operations and Maintenance (for EPA-conducted O & M, only reimbursable resources may be used)	OM	S	RP, PS, MR, SS FF	Pipeline Operations Federal Facility Response
PA (Preliminary Assessment)	PA	R	EP, F, S, TR FF	Pipeline Operations Federal Facility Response
Partial Deletion Deleted - Use Administrative Records (AR)	GR			
Pre-CERCLIS Screening	HX	R	F, S, TR FF	Pipeline Operations Federal Facility Response
Preparation of Cost Documentation	PC	S	FE, SE	Enforcement
Proposal to NPL Deleted - Use Administrative Records (AR)	NP			
PPA Assessments	QX	S	FE	Enforcement
PRP FS	NK	S	RP, PS, MR	Pipeline Operations
PRP LR	ME	S	RP, PS, MR	Pipeline Operations
PRP RA	BF	S	RP, PS, MR	Pipeline Operations
PRP RD	BE	S	RP, PS, MR	Pipeline Operations

**EXHIBIT III-3
WHO PAYS FOR WHAT**

CERCLIS/WasteLAN ACTION NAME	ACTION CODE	SITE DESIGNATION	LEAD	BUDGET SOURCE/ AOA CATEGORY
PRP Removal	BB	S	RP, PS, MR	Removal
PRP RI	NA	S	RP, PS, MR	Pipeline Operations
PRP RI/FS	BD	S	RP, PS, MR	Pipeline Operations
PRP Community Involvement Deleted - Use Community Involvement (CR)	EL			
RCRA Facility Assessment Deleted - Use Generic PA/SI (QB)	AA			
RD/RA Negotiation	AN	S	FE, SE	Enforcement
Real Property Acquisition	RL	S	F, S, TR	Pipeline Operations
Records Management	SW	B	F FE FF	Pipeline Operations Enforcement, Federal Facility Enforcement Federal Facility Response
Remedial Action	RA	S	EP, F, S, TR, SA, SS, ST	Remedial Action
Remedial Community Involvement Deleted - use Community Involvement (CR)	CR			
Remedial Contract Management Deleted - use Contract Management (JU)	JU			
Remedial Support and Management Deleted - Use General Support Management (BM)	BO			
Remedial Design	RD	S	EP, F, S, TR, SA, SS, ST	Pipeline Operations
Remedial Investigation	RI	S	EP, F, S, TR, SA, SS, ST	Pipeline Operations
Removal	RV	S	CG, EP, F, S, TR, SA, SS, ST, SG	Removal
Removal Contract Management Deleted- Use Contract Management (JU)	EZ			
Removal Community Involvement Deleted - Use Community Involvement (CR)	RC			
Removal Support and Management Deleted- Use General Support Management (BM)	BN			
Removal/Remedial Contract Management Deleted- Use Contract Management (JU)	JT			

**EXHIBIT III-3
WHO PAYS FOR WHAT**

CERCLIS/WasteLAN ACTION NAME	ACTION CODE	SITE DESIGNATION	LEAD	BUDGET SOURCE/ AOA CATEGORY
Removal Negotiation	RN	S	FE	Enforcement
Removal Assessment	RS	R	CG, EP, F, S, TR, RP, PS, MR FF	Pipeline Operations, Removal Federal Facility Response
Removed from Proposed NPL Deleted - Use Administrative Records (AR)	NR			
Research & Development	BG	R	F, S, TR	Pipeline Operations
RI/FS Negotiation	FN	S	FE, SE	Enforcement
Risk Assessment/Health Assessment	ED	S	EP, F, S, TR, RP, PS, MR FF	Pipeline Operations Federal Facility Response
Section 104(e) Ref Litigation (site access)	SF	S	FE, SE	Enforcement
Section 106 Litigation	SX	S	FE, SE	Enforcement
Section 106/107 Litigation	CL	S	FE, SE	Enforcement
Section 107 Litigation	SV	S	FE, SE	Enforcement
SEE Program	SM	B	F FE FF	Pipeline Operations Enforcement Federal Facility Response
SI (Site Inspection)	SI	R	EP, F, S, TR FF	Pipeline Operations Federal Facility Response
Site Security and Maintenance	PD	S	F, S, TR	Pipeline Operations
Site Reassessment Deleted - Use Generic Site Assessment (QB)	OO			
Site-Specific BRAC Costs	PX	S	FF	Federal Facility Response
State Support Agency Cooperative Agreement (Management Assistance)	MA	R	F FF	Pipeline Operations Federal Facility Response
State Core Program	SK	N	F	Pipeline Operations
Technical Assistance Grant	TG	S <i>* Regions may plan using 'WQ' but must obligate site-specifically.</i>	F FF	Pipeline Operations Federal Facility Response

**EXHIBIT III-3
WHO PAYS FOR WHAT**

CERCLIS/WasteLAN ACTION NAME	ACTION CODE	SITE DESIGNATION	LEAD	BUDGET SOURCE/ AOA CATEGORY
Technical Assistance	TA	B	EP, F, S, TR, RP, PS, MR	Pipeline Operations
			FF	Federal Facility Response
Training	TH	N	F	Pipeline Operations
			FE	Enforcement
Tribal Support Agency Cooperative Agreement (Management Assistance)	TJ	R	F	Pipeline Operations
			FE	Federal Facility Response
Tribal Core Program	TK	N	F	Pipeline Operations

<u>KEY TO LEADS:</u>		SD =	STATE DEFERRAL
CG =	COAST GUARD	SE =	STATE ENFORCEMENT
EP =	EPA IN-HOUSE	SG =	PRP-FINANCED ACTION From a Special Account PERFORMED BY USCG
F =	EPA FUND- FINANCED	SN =	STATE, NO FUND MONEY
FE =	FEDERAL ENFORCEMENT	SR =	PRP LEAD UNDER STATE
FF =	FEDERAL FACILITIES RESPONSE	SS =	PRP-FINANCED ACTION From a Special Account PERFORMED BY STATE
MR =	MIXED FUNDING FEDERAL/RP	ST =	PRP-FINANCED ACTION From a Special Account PERFORMED BY TRIBAL GOVERNMENT
PS =	PRP RESPONSE UNDER STATE	TR =	TRIBAL LEAD, FUND FINANCED
RP =	RESPONSIBLE PARTY		
S =	STATE, FUND FINANCED		
SA =	PRP-FINANCED ACTION FROM A SPECIAL Account PERFORMED BY EPA		
<u>KEY TO SITE DESIGNATION:</u>			
S =	SITE-SPECIFIC ONLY		
R =	SITE-SPECIFIC AND SITE-RELATED (ZZ) ONLY		
B =	SITE-SPECIFIC, SITE-RELATED (ZZ), AND NON-SITE		
N =	NON-SITE-SPECIFIC ONLY		

III.D. SUPERFUND FINANCIAL MANAGEMENT

The purpose of this section is to assist regional program offices in carrying out their financial management responsibilities. It discusses the financial management tools and systems used by HQ and the regions to enter and track financial information. It also discusses the various financial management funding mechanisms available to EPA to support Superfund cleanup work and it details specific HQ and regional financial management responsibilities. Finally this section details the cost recovery process.

III.D.1 Financial Management Roles and Responsibilities

Due to the complexities of the Superfund program, numerous organizational units within the Regional EPA offices have responsibility for Superfund financial management. As described in this document, the Regional Management Division is the organization in which financial management, budgetary, accounting, planning and assistance agreements, and administration functions are carried out. The Regional Servicing Finance Office (SFO) and the Contracting Officers (CO) for the Response Action Contract (RAC), Superfund Technical Assessment and Response Team (START), Response Oversight Contract (ROC) and Emergency and Rapid Response Services (ERRS) contracts are considered to be a part of this division. Please see Section III.F.1 for a list of Regional Superfund Cost Recovery Contacts. This

section first lists the primary regional offices with Superfund-related financial management responsibilities and the duties for which each office has responsibility or authority to perform. The next section lists the financial management roles and responsibilities of several staff positions.

a. Regional Financial Management Office

- Participates with the Regional Program Office to Assign Account Number, Document Control Number, and Cooperative Agreement identification numbers
- Enters quarterly AOA into IFMS, controls regional allowance
- Sets up regional account numbers in IFMS
- Processes Procurement Requests (PRs), Interagency Agreements (IAGs), and Cooperative Agreements (CAs)
- Enters commitments, obligations, and drawdowns into IFMS
- Reviews invoices, monthly financial reports, and payment requests
- Commits funds under regional contracts and modifications
- Assists regional program office in the pre-application phases of the CA development
- Maintains Superfund document files on regional costs and supports the preparation of documentation for cost recovery
- Maintains accounts receivable for cost recovery, cash outs, Superfund State Contracts (SSC) cost share, and oversight billings, and maintains billing and collection system
- Provides regional program office with financial data

b. Regional Administrator (unless delegated to Regional Program office)

- Approves cleanup actions under removal authority
- Approves consistency exemptions at NPL sites where the removal costs are more than \$2 million
- Awards CAs, IAGs, and Technical Assistance Grants (TAGs)
- Enters into SSCs
- Initiates response planning activities

c. Regional Program Office

- Assigns the Account Number, Document Control Number, and Cooperative Agreement identification numbers
- Provides technical support to the Contracting Officer (CO)
- Reviews vouchers and/or financial reports
- Manages CAs and IAGs
- Issues S/SIDs
- Prepares Commitment Notices (CNs) and PRs
- Develops SSCs
- Approves Request for Proposals (RFPs) or Request for Bids and contracts developed by the States
- Enters financial data on contracts, IAGs, and CAs into CERCLIS/WasteLAN
- Maintains Superfund document files on regional work performed
- Submits change requests
- Initiates and manages obligations

d. On Scene Coordinator (OSC)

- Is an employee of EPA or U.S. Coast Guard (USCG)
- Reacts to hazardous substance spills and releases, or threats of release
- Initiates and manages cleanup actions under removal authority
- Aware of, in control of, and responsible for site charges
- Ensures costs are reasonable and necessary
- Prepares site budgets and contract action requests
- Completes Action Memoranda
- Prepares delivery orders and Prs

OSWER Directive 9200.3-14-1G-Q

- Initiates PRs, Work Assignments (WAs), CAs, IAGs, and contracts
- Approves site-specific IAG invoices
- Establishes and maintains official site file
- Reviews and approves cleanup contractors' charges on a daily basis
- Tracks site costs against the established site ceiling
- Approves contractor invoices
- Acquires services using warrant for up to \$250,000

In some cases, an OSC may have a written "Delegation of Procurement Authority" signed by a Senior Procurement Manager (also called "Warrant Authority") and thus becomes an Ordering Officer.

e. Remedial Project Manager (RPM)

- Is an employee of EPA
- Initiates and manages removal actions and remedial actions
- Manages enforcement costs and activities
- Aware of, in control of, and responsible for site charges
- Ensures costs are reasonable and necessary
- Reviews contractor invoices and financial reports
- Establishes and maintains official site files in coordination with the Records Center
- Initiates PRs, WAs, CAs, IAGs, and contracts
- Approves site-specific IAG invoices

f. Regional Project Officer (RPO)/ Deputy Project Officer (DPO)

- Is an employee of EPA
- Manages remedial, enforcement, removal, and general site support contracts
- Evaluates and designates contractor award fees
- Monitors contractors' activities
- Reviews monthly contractor reports and site-specific attachments
- Initiates PRs, WAs, CAs, IAGs, and contracts
- Approves site-specific IAG invoices
- Identifies regional and site-specific contract requirements
- Reviews invoices
- Provides general contract management support

g. Administrative Support Unit

- Established in each regional program office
- Staffed with EPA staff (the non-government functions may be performed by a contractor)
- Provides administrative support to the OSC/RPM
- Provides liaison between OSC/RPM and other groups involved in administrative matters
- Provides support to regional program management
- Assists in developing removal site budgets and Action Memoranda
- Maintains the Removal Cost Management System (RCMS)
- Sets up and maintains active site files
- Completes PRs and CNs
- Reviews IFMS reports

Selected program offices in HQ also have Superfund Financial Management responsibilities. The main point of contact for technical program area specific financial management issues is the applicable **OSRTI** regional center. Contact Headquarters Program Analysis & Resources Management Center (PARM), Program Evaluation & Compliance Branch (PECB), Federal Facilities Enforcement Office (FFEO), or Federal Facilities Restoration and Reuse Office (FFRRO) with any issues pertaining to the AOA or overall budget resources. The next section lists the responsibilities of the HQ management offices.

h. Financial Management Division (FMD)/Office of the Comptroller (OC)

- Collects HQ's Superfund cost documentation for cost recovery
- Oversees annual site-specific reporting process
- Issues financial policies and procedures
- Provides general accounting support
- Records transfer allocations
- Notifies Trust Fund to invest cost recoveries, fines, and penalties
- Establishes Superfund account numbers in IFMS

i. Office of Acquisition Management (OAM)

- Conducts Superfund contracting program
- Negotiates, awards, monitors, modifies, and terminates contracts
- Provides technical guidance on contract administration
- Provides cost and price analysis

j. Grants Administration Division (GAD)/Office of Administration

- Issues policies, regulations, and guidance for processing, awarding, and managing financial assistance agreements and IAGs
- Issues identification numbers for all IAGs
- Processes and awards HQ IAGs

k. Budget Division/OC

- Allocates Superfund allowances among HQ and regions
- Approves regional allowances
- Monitors obligations against regular and site allowances
- Processes transfer allocations
- Processes change requests
- Reprogram allowances

l. Financial Management Center- Cincinnati (FMC)

- Provides accounting support for all Superfund IAGs
- Processes disbursement requests from other agencies
- Processes billings for reimbursable activities
- Enters IAG obligations and disbursements into IFMS

m. Research Triangle Park (RTP) Office of Administration

- Provides accounting support for all Superfund contracts
- Enters contract award and obligation data into IFMS
- Processes contractor invoices
- Enters payments into IFMS via the Contract Payment System

III.D.2. Superfund Accounting Information

Where EPA incurs costs that can be identified as solely benefitting Superfund, the Superfund Appropriation is to be directly charged through the Agency's account number structure. The account number structure is comprised of six fields of data elements that identify the specific nature of the expense. These fields are: the budget fiscal year; fund (or appropriation); organization; program results code; site project and cost organization. Exhibit III.7 provides specifics and an example of how to fill out the account number.

Fund/Appropriation Code - EPA controls appropriated funds and sub -accounts by using an Appropriation Code also known as the fund code. Superfund dollars are distinguished as appropriation code "T". Two and three digit appropriations codes are sub-accounts. For instance, prior year carryover balances including deobligations of prior year funds are distinguished as appropriation code "TC" and special accounts for cashout settlements are distinguished as "TR2". The four digit appropriation codes are TR2A and TR2B represent miscellaneous, transfer, deposit, and trust fund receipt accounts. The most frequently used codes for Superfund include the following:

Appropriation Code	Title
T	Superfund
TC	Superfund Carryover
TR	Superfund Reimbursable
TR1	Superfund Reimbursable -SSC
TR2	Non-Federal Special Accounts - unearned revenue (i.e., future costs)
TR2A	Federal Special Accounts - unearned revenue (i.e., future costs)
TR2B	Special Accounts - earned revenue (i.e., past costs and interest)

The Agency uses site/spill identifiers (SSIDs) to account for and accumulate Superfund costs by site. Generally, an SSID should be established when there is a reasonable expectation that a future response action will be taken, but no later than either site proposal to the NPL, execution of an action memo, or an official decision to take a response. When committing or obligating funds at sites where a SSID has not been assigned yet, the region may use "ZZ" in position 3 and 4 of the site/project position of the Account Number for PAs and SIs only. The "ZZ" should be used only if a site does not have an SSID. "WQ" is used for bulk or block funding only, i.e., where SSIDs exist but funds are not committed site specifically. When "WQ" or "ZZ" is used in the SSID position, funds are obligated non-site specifically. However, for WQ obligations, when the funds are paid out/disbursed, they must be associated with a site. (ZZ obligations may be drawn down as ZZ funds.) "00" can be used for dispersement of non-site specific core activities. Once a SSID has been established for the site, regions must revise all the financial accounting information (in IFMS and on the obligating document) with the correct SSID. The "ZZ" should not be used for future obligations once a SSID has been established at the site. (Information on changing IFMS data can be found later in this chapter.)

For IT-related transactions, a unique format is used for the site/project field. The following describes this format. Note: IT-related transactions will always be associated with the non-site Information Management (IJ) action in WasteLAN.

Position	Description
1	IT Identifier (this character will always be "L")
2-3	Major or Significant Project
4	System/Project Phase (preliminary design, development, or maintenance)
5-6	Cost Area
7-8	Special Reporting Requirements (currently there are no special reporting requirements so this will always be zeros)

See the *New Information Technology Accounting Requirements* Comptroller Policy Announcement # 01-10 for additional information on the IT accounting requirements.

EXHIBIT III-4 ACCOUNT NUMBER STRUCTURE

Budget Fiscal Year	Fund (Appropriations)	Organization	Program Results Code	Site Project	Cost/Org
2 0 0 4	T	7 A O O P	5 0 1 0 2 D	0 7 2 3 C O 0 1	C 0 0 2

Data Element Field Name	Definition	Sample Entry
Budget Fiscal Year (8 characters)	The first four positions in this field identify the budget fiscal year (e.g., '2004'). The last four positions in this field identify the ending fiscal year, but these positions are not used by the Superfund program, and should be left blank.	<u>2 0 0 4</u> _ _ _ _
Fund (Appropriations) (6 characters)	The type of appropriation is entered in this field with up to first four characters indicating appropriations accounts and sub-actions (e.g., 'TR'). If the appropriation is billed or received (for cost recovery), valid entries can be up to 4 characters in length (e.g., 'HSCR'), with the last two positions left blank.	<u>T</u> _ _ _ _ _
Budget Organization (7 characters)	The Budget Organization field is the Allowance Holder/Responsibility Center (AHRC) code (e.g., '07H'). The AHRC code can be between 3 and 6 characters in length. For instance, the first two characters represent the allowance holder (e.g. Region 7 may be represented as 07 or 7A); the 3rd character is an alpha character which designate the responsibility center within the Region (see the Region's budget office for a list of these codes). The last three digits represent the Superfund AOA Code and a local option or congressional add-on (e.g., CUD - counter-terrorism response)"	<u>7 A O O P</u> _ _

Data Element Field Name	Definition	Sample Entry
Program Results Code (9 characters)	The first 6 characters identify the PRC as discussed earlier in this chapter in Section III.B.2 and in Exhibit III.2. The 7th and 8th characters are only used when a major program activity undertaken by the Agency needs to be represented. The 9th character is left blank.	<u>5</u> <u>0</u> <u>1</u> <u>0</u> <u>2</u> <u>D</u> _ _ _
Site/Project (8 characters) - consists of S/SID, Action code, and Operable Unit	The first four digits are comprised of the site/spill identifier (SSID). The SSID is comprised of the Region number in the second position, e.g., '7' for Region 7 with a place holder of 0 in the first position. For Region 10, a '0' should be entered in this position. This combined with the third and fourth position is a unique numeric or alpha numeric site number. The SSID is followed by the action code in position 5 and 6. The action code is a 2 digit alpha character, a listing of which can be found in Exhibit III.6 the Who Pays for What Table. Finally, the operable unit is entered in positions 7 and 8 (e.g., '01' for operable unit 01). A unique format is used for IT related transactions (see reference to IT in section III.D.2).	<u>0</u> <u>7</u> <u>2</u> <u>3</u> <u>C</u> <u>O</u> <u>0</u> <u>1</u>
Cost Organization (7 characters)	The leading 'C' is the WasteLAN identifier used by IFMS. It is system generated in the first position of the Cost Organization field for WasteLAN actions. The numerical characters in the second, third and fourth positions represent the action sequence number, e.g., '002' for the second occurrence of an action at a site. The remaining positions should be left blank.	<u>C</u> <u>0</u> <u>0</u> <u>2</u> _ _ _

III.D.3 Financial Data Management Systems and Tools

The following data management systems and tools are used to plan and track the use of extramural resources:

- CERCLIS/WasteLAN - Superfund specific database that houses site- and non-site specific data including the financial planning data used for generating SCAP 4 reports. WasteLAN is the system each region uses to enter region-specific data; CERCLIS is the system in HQ that integrates the data from WasteLAN into a national database.
- SCAP Reports - Standardized reports generated from CERCLIS/WasteLAN that support program planning and performance. The SCAP reports used by HQ to track the regional financial planning and execution are the SCAP 4 reports including: SCAP 4R for the Response budget; SCAP 4E for the Enforcement budget; and SCAP 4F for the Federal Facilities budget.
- Budget Automated System (BAS) - The central Agency system used to integrate strategic planning, annual planning, budgeting, and financial management. The system contains resource (dollars and FTE), planning, and performance data. BAS is an Agency-wide application; registered users have desktop access across a variety of platforms in all HQ and regional offices. The system supports budget formulation, annual planning and operating plan development. BAS also delivers automated budget tools (e.g., payroll forecasts), automated links to IFMS for comparison reports (operating plan and actual obligations/outlays), and automated links to accountability. BAS also has the capacity to support allocations of performance targets within the Agency and project-based planning/resource allocations within Offices.

- Integrated Financial Management System (IFMS) - The Agency's core financial system which supports the general ledger, budget execution, funds control, accounts payable, disbursements, accounts receivable and collections, travel, project cost accounting, fixed assets and standard reporting functions. IFMS interfaces with a number of Agency "mixed" (financial and nonfinancial) systems that are primarily for administrative purposes but contain limited financial data. An interface has been established between IFMS and CERCLIS to download actual financial data into CERCLIS. An interface also exists between IFMS and BAS. IFMS is maintained by the Administrative Systems Division of the Office of Information Resources Management.
- Management and Accounting Reporting System (MARS) - IFMS application that identifies the status of commitments, obligations, and payments for a site. MARS can select any data element maintained in IFMS, arrange those elements in any desired format, and print a report. Regional program office staff can request MARS reports from the regional Servicing Finance Office (SFO).
- Financial Data Warehouse (FDW) - FDW is an official Agency reporting tool that will eventually replace MARS. FDW is a collection of data in an Oracle database from the following information systems: IFMS, Employee Payroll System (EPAYS), Consolidated Payroll Reporting System (CPARS), and the Contract Payment System (CPS). The data that is stored in FDW is available to EPA users via the intranet at "intranet.epa.gov/fdw" and by direct desktop access through Lotus Approach, Impromptu, MS Access (a User ID, password, and database host name must be established). IFMS data in FDW is refreshed at least twice a day. Data from CPS is updated daily, and data from EPAYS and CPARS is updated weekly.
- Superfund Cost Recovery Package and Image On-Line System (SCORPIOS) - organizes cost information and produces reports that summarize the costs for a specific Superfund site. The SCORPIOS report is combined with images of supporting cost and technical documentation to yield a complete cost recovery package. The system also provides calculations for oversight billing and tracking, charging of indirect costs, and the charging of annual allocation.
- Electronic Time Sheet System (ETS) - provides an automated approach to recording an employee's time. EPA staff use ETS to track time spent working on specific activities, particularly as they relate to a particular Superfund site. EPA initiated the development of ETS to simplify time sheet preparation by reducing the "barriers" employees face when completing their time sheets (i.e., ETS builds the account code, performs all the math, ensures legibility, and minimizes clerical errors). ETS is an important tool for improving EPA's accounting of costs by activity, especially for site-specific cleanup costs.

III.D.4 Handling Financial Data in the CERCLIS/WasteLAN Environment

This section discusses the process for entering response and enforcement financial data into CERCLIS/WasteLAN.

IFMS data is downloaded nightly into CERCLIS/WasteLAN through an automated link. This automatic transfer of financial information from IFMS to CERCLIS/WasteLAN includes commitments and obligations data. Planned financial data must be entered into CERCLIS/WasteLAN by the region; however, the IFMS Account Number is generated by CERCLIS/WasteLAN at the time the planned obligation is first entered. This Account Number must be entered on all funding documents at the time the planned obligation is executed, i.e., committed or obligated. If the Account Number is not correct, the IFMS to CERCLIS/WasteLAN transfer will not work properly.

a. Entering Response and Federal Facility Data into CERCLIS/WasteLAN

Once the funding document has been processed by the region, and actual commitment or obligation data are entered into IFMS and transferred to CERCLIS/WasteLAN, the planned financial data should be deleted from CERCLIS/WasteLAN. The “Planned” Financial Type should not remain in the system once the funds are committed or obligated. Failure to delete the Planned Financial Type could cause the region to overstate its planned annual budget, which will result either in withholding AOA approval, or a reduction in next quarter’s AOA.

b. Entering Enforcement Extramural Budget Data into CERCLIS/WasteLAN

Regions are responsible for entering planned financial data into CERCLIS/WasteLAN, actual commitments and obligations for enforcement actions are entered solely into IFMS by the regional FMO. Data is downloaded from IFMS into CERCLIS/WasteLAN on a nightly basis.

Account numbers must be established for each transaction before commitment and obligation. To ensure that all appropriate financial data are reflected in CERCLIS/WasteLAN, the following information along with the Account Number, should appear on obligation documents: EPA identification number (EPA-ID), S/SID, CERCLIS action or SubAction codes and OU number, WA number, amendment number, and amount.

Account Numbers must be established for each transaction before commitment and obligation. A CA is considered obligated when it is signed by the Regional Administrator. An IAG is considered obligated when it is signed by the other agency. Contracts are considered obligated when the CO signs the obligating document or, in the case of an Enforcement Support Services (ESS) WA, when the CO signs the WA. Regions also are responsible for reviewing and recommending payment of the invoice/voucher for these mechanisms. Once invoices are paid, these dollars (outlays) are entered into IFMS. If the obligation is generic and the invoice is site-specific, IFMS shows the funds deobligated from the generic account and obligated and disbursed from the site-specific account.

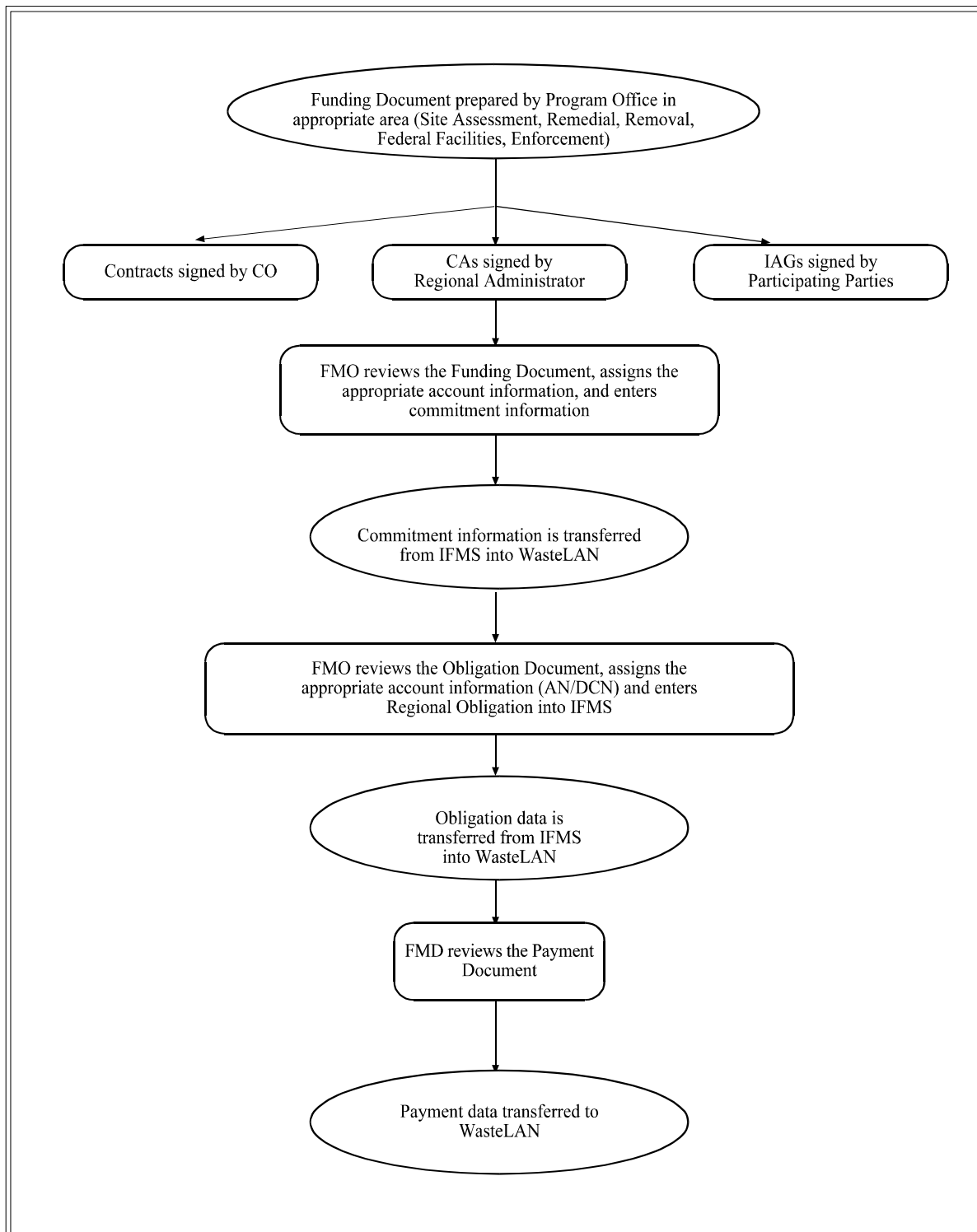
c. Correcting Financial Data

The IMC or Regional Superfund Budget Coordinator can request, on a regular basis, a report from the Regional financial office that contains all Superfund financial transactions in IFMS. The information in this report can be compared with the funding documents and the information in CERCLIS/WasteLAN. The Financial Data Warehouse is another source for this information. If there is a discrepancy between the financial data in CERCLIS/WasteLAN and IFMS, the funding document should be used to verify the information in both systems.

Upon determining that the data on the funding document are correct, the IMC should give the Regional FMO a copy of the funding document and any other relevant documentation showing that the IFMS data has been entered incorrectly. The Regional IFMS administrator is then responsible for correcting any data errors in IFMS. The IFMS administrator is the only person authorized to correct data entry errors or change financial information in the IFMS database. The OC has issued standard procedures for correcting IFMS data. The IMC or designee should work with the Regional FMO on a regular basis to make sure that all IFMS errors are corrected.

Errors in account number or other information on the original funding document can only be corrected by the same process used to initially create the financial record (by a contract/PA or by amendment of the IAG or CA).

EXHIBIT III-5
HANDLING FINANCIAL DATA IN THE CERCLIS/WASTE LAN ENVIRONMENT



III.D.5 The Funding Process

EPA uses a variety of procurement mechanisms to carry out CERCLA-funded response actions. These include the procurement of contracts, interagency agreements, and cooperative agreements.

The process by which these vehicles are funded is accomplished in distinct but interrelated steps. Approvals, commitments, and obligations result in directing funds to a project and/or supplier. In addition, the payment and deobligation processes result in drawdowns from obligated funds.

a. Approvals

An approval by the AAs, Regional Administrator or official designee is authorization to undertake a CERCLA-funded response action.

- Removal Actions:
 - Regional Administrator approves actions costing up to \$6 million, approves removals costing up to \$6 million based on the emergency waiver, grants exemptions to the twelve months and \$2 million statutory limits based on consistency with the long-term action, and may re-delegate to the OSC the authority to approve actions costing up to \$250,000 in emergency situations and up to \$50,000 in non-emergency situations.
 - Before taking action, an Action Memorandum must be approved, except in emergency situations where verbal approval by the Regional Administrator is sufficient. The Action Memorandum documents whether the release meets the criteria of CERCLA and the National Oil and Hazardous Substances Pollution Contingency Plan (NCP), and includes an estimated total project ceiling. The OSC uses the estimate of duration and cost in order to determine the proper approval authority.
 - In extreme emergencies, the OSC may initiate activities without preparing the necessary documentation in advance. The OSC must document the decision within 24 hours of initiating the response.
- RI/FS, RD, RA, Site Screening and Assessment, Enforcement, and Federal facilities:
 - Planning is accomplished through the SCAP process. Funds should not be committed or obligated unless the project is reflected in CERCLIS/WasteLAN.
 - Obligation planned and executed on an OU or site basis. Outlays (payments) should be attributed to the appropriate OU.
 - A Record of Decision (ROD) is required for all remedial actions. The ROD is signed by the Regional Administrator or designee, or the AA SWER. It documents the alternative decision-making process, demonstrates that the requirements of CERCLA and the NCP have been met, and provides the basis for future cost recovery actions.

b. Commitments

- Commitments are a reservation of funds but not a legal promise to pay a supplier. Once the regional Funds Certifying Officer (FCO) certifies the availability of funds, a spending action becomes a commitment. Funds that are committed but not obligated are called open commitments.

- There are two types of commitment documents: Procurement Requests (PRs) and Commitment Notices (CNs). PRs commit funds for contracts; CNs commit funds for CAs and reimbursable IAGs.
- Open commitments expire at the conclusion of the Budget Fiscal Year (BFY).
- Each commitment is assigned a Document Control Number (DCN). The DCN is a 6- digit code assigned by the regional Superfund Financial Office (SFO) to PRs and CNs. This same number is carried over from the PR or CN to the obligating document. It identifies the spending action in IFMS, just as a check number identifies a check.
- When IFMS transfers an obligation, each obligation is accompanied with a matching decommitment.
- The contract number/OSWER Directive Number (ODN) represents a specific contract. More than one actual obligation could fund a contract. Similarly, more than one DCN can be associated with one contract number/ODN.

c. Obligations

- Obligations legally bind the government to pay a supplier for goods or services. Obligated funds can no longer be used for any other purpose.
- A contractor, another Federal agency, or State cannot start work until funds have been obligated. Funds can be used only for the purpose for which they were obligated.
- Obligating documents must be processed in accordance with guidance issued by Office of Acquisition Management (OAM), Grants Administrative Division (GAD), and Financial Management Division (FMD). Some contracts are awarded by OAM and entered into IFMS by the SFO/RTP; others are handled by the regions. Obligations for CAs are entered into IFMS by the regions; IAGs are entered by the FMC-Cincinnati.
- A CA is considered obligated when it is signed by the Regional Administrator. An IAG is considered obligated when it is signed by the other agency. Contracts are considered obligated when the CO signs the obligating document, or in the case of an ESS WA, when the CO signs the WA.

d. Payments (Outlays)

- Regions are responsible for reviewing and recommending payment of the invoice/voucher.
- Invoices from contractors/suppliers are submitted to the proper SFO for payment. Before payment, there must be an obligating document and a receiving report to verify that the work was completed, or that the goods received were satisfactory. Unpaid obligations remain in IFMS until paid, or until the allowance holder or obligating official notifies the SFO that no further payments will be made. When financial records are transferred from IFMS, each payment is accompanied with a matching deobligation.
- If the obligation was generic and the invoice is site-specific, IFMS shows the funds deobligated from the generic account and obligated and disbursed from the site-specific account.

e. Deobligations

- Regions should regularly review the status of all contracts, IAGs, CAs, and grants. If all activities have been completed, remaining funds should be deobligated immediately to make them available for other activities. Regions should hold a small portion of contract obligations to fund site closeout activities. Also see Section C.5 earlier in this chapter for discussion of the current Deobligation Policy.

III.D.6 Financial Management of Contracts

The Agency's Superfund Contracts 2000 Strategy identifies the long-term needs of the Superfund program and provides a portfolio of Superfund contracts to meet those needs. During FY04/05, implementation of the strategy will continue.

Superfund contracts are awarded through standard procurement procedures (see the Office of the Comptroller's Resources Management Directives Systems 2550C, Chapter 2 of this document, and the EPA Contracts Management Manual, or refer directly to the directives prepared for each contract). Exhibit III.9 contains information on the procurement forms used for most Superfund contracts. The unique aspect of Superfund contract processing and financial tracking stems primarily from the need to associate contractor costs incurred with specific Superfund sites and OUs to support the cost recovery process. Cost recovery negotiations with PRPs, or court actions, require careful documentation of Federal costs incurred at each site/spill.

a. Contracts for Site-Specific Work

These contracts are obligated and tracked on a site-specific basis. They include RAC, START, Regional Oversight Contracts (ROC) and ERRS. Funds for RA may be obligated to specific sites, or bulk funded with site ID "WQ" and then paid out site specifically.

b. Contracts for Non-Site Specific Work

Non-site specific contracts are generally support type contracts which generally are not obligated site specifically, but can obligate site-specific funding on a task or delivery order basis, depending upon the type of contract.

General Site Support Contracts

- Generally not obligated on a site-specific basis; however some of these contracts allow for site-specific task or delivery orders which can be obligated on a site-specific basis.
- Capable of providing broad technical and planning support on an "as needed" basis
- Includes Response Action Contracts (RAC), Superfund Technical, Superfund Technical Assessment and Response Team (START), Regional Oversight (ROC), Emergency and Rapid Response Services (ERRS), Contract Laboratory Program (CLP), and Environmental Services Assistance Team (ESAT)
- Where funding has not been obligated on a site-specific basis, contractors submit site-specific attachment that includes invoiced costs for:
 - Each site with a S/SID;
 - All other sites;
 - Program management (if applicable);
 - Base and award fee (if applicable)
 - Fixed Fee (if applicable); and
 - Non-site activities (e.g., training).
- Where site-specific funding is obligated on a task or delivery order basis, the contractor either submits a separate monthly invoice for each site, or one invoice for the contract, with separate attachments for each site.
- Contractors submit original invoice to RTP and copies to HQ or regional PO
- PO reviews invoice

Enforcement Support Services (ESS) / Zone Enforcement Support Services (ZESS)

- Combination of general site support and site-specific contracts; however, not obligated on a site-specific basis
- Regions issue WAs against the contract on a site-specific basis
- Site-specific WAs are not entered into IFMS
- Contractors submit site specific attachment that includes invoiced costs for:
 - Each site with a S/SID;
 - All other sites;
 - Cost plus/fixed/award fee; and
 - Non-site activities (e.g., training).
- Contractors submit original invoice to RTP and copies to RPO
- RPO reviews invoice
- RPOs and WAMs may conduct concurrent reviews

Mission Support Contracts

- Provides support to HQ and regional program offices
- Not for site-specific work
- Not obligated site-specifically
- Administered totally by HQ

EXHIBIT III-6
EPA FORMS COMMONLY USED FOR SUPERFUND PROCUREMENTS

EPA Form Number	Form Name	Purpose	Comments
1900-8	Procurement Request/purchase Order	The Agency's basic form for requesting the procurement of any goods or services. Used to commit funds before obligating funds on any of these documents. Must be certified by FMO.	This form is the basis for entering a commitment in IFMS. The FMO enters an obligation only upon receiving a contract document or purchase order.
1900-48	Order for Services-Emergency Response to Hazardous Substance Release	Used by OSCs to obligate funds and contract for services (up to \$250,000) from commercial firms or a State or local government (if site not owned by State or subdivision at time wastes were disposed of) to respond to a release.	Results in a firm, fixed-price contract. No price adjustment may be made for work stated in contract. Contractor may submit only one invoice. FMO will process contract as an obligation.
1900-49	Notice to Proceed with Emergency Response to Hazardous Substance Release	Used by OSC to authorize a contractor to begin work on an emergency response (up to \$10,000 per incident). Negotiation of definitive contract and any modifications performed by CO.	A preliminary contractual instrument that must be made final by a designated CO. FMO will process notice as an obligation.
1900-56	Letter contract for State, Tribal Government, or Local Government Response to Emergency Hazardous Substance Release	Used by OSC to procure services from a State, local, or Tribal government to begin work on an emergency response (up to \$10,000 per incident) if site was not owned by State or subdivision at time of hazardous waste disposal. Negotiation of definitive contract and any modifications performed by CO.	Results in a cost reimbursement type agreement with a State, local, or Tribal government. It is a preliminary contractual instrument that must be made final by a CO. The appropriate FMO will process a letter or contract as an obligation.

EPA Form Number	Form Name	Purpose	Comments
1900-59	Delivery Order for ERRS	Used by OSCs to order services (up to \$250,000) from the ERRS contractor to respond to a release. All modifications and obligations greater than \$250,000 will be processed by the CO.	Has time and material provisions but uses fixed rates negotiated in ERRS contract. Order must be made final by a designated CO. FMO will process orders as an obligation.

III.D.7 Other Financial Vehicles

The following sections discuss interagency agreements, cooperative agreements, and Superfund State contracts.

a. Interagency Agreements (IAGs)

An IAG is a written agreement between Federal agencies under which goods and services are provided. The Superfund program uses Disbursement IAGs and Allocation Transfer IAGs to request Federal agencies' assistance with site cleanups and associated activities, and to provide ongoing support or services. The regional program office initiates and manages site-specific IAGs. U.S. Coast Guard (USCG)-lead removal IAGs, Department of Justice (DOJ) IAGs, and allocation transfer IAGs are negotiated, approved, awarded, and managed at HQ. The IAG specifies the services required and identifies the method of payment.

b. Cooperative Agreements (CA)

A Superfund Cooperative Agreement (CA) is a legal instrument between the Federal government and a State, political subdivision, or Indian Tribe that forms a working relationship in which both parties provide funding and services related to the design and implementation of Superfund responses. The CA transfers money, goods or services to the State or other recipient to lead or support Agency activities. It allows the State or other recipient to take responsibility for leading the Superfund response. In addition, it defines the level of involvement of EPA and the recipient and secures the State's CERCLA assurances. A CA for remedial action also should include provisions for obtaining required state cost share and other assurances.

Several offices are involved in the commitment process for a CA. The Regional Program Office (RPO) prepares the commitment notice and obtains the necessary program approvals; the Regional Comptroller's Office certifies availability of funds, assigns accounting data and enters commitment in IFMS; and the Grants Administration Division assigns the CA identification number. To obligate funds for a CA, the Regional Administrator (or his/her designee), first signs the CA. The Regional Comptroller's Office processes the obligation in accordance with OAM, GAD, and FMD requirements and then enters the obligation in IFMS.

For additional information on the financial management of CAs, refer to the Resources Management Directives Systems 2550D, Chapter 9.

c. *Superfund State Contracts (SSCs)*

When EPA or a political subdivision has the lead for a Remedial Action, an SSC is used to describe the State's role. A SSC is a legally binding agreement that provides the mechanism for obtaining required State cost share and other assurances, outlines the statement of work for the response action, and documents responsibilities for implementation of response activities at a site. When a political subdivision has the lead, the SSC is signed by EPA, the State, and the political subdivision.

The SSC does not obligate funds. Funds for Federal-lead projects must be obligated through an EPA PR with a contractor, or through an IAG with another agency. Funds for response actions conducted by a political subdivision are provided through a CA (see previous section).

The SSC must be signed prior to the obligation of funds for a RA. EPA may obligate RD funds to initiate the RA procurement process, up to the point of soliciting for construction bids. In cases of extreme urgency, a solicitation (for bids on RA work) may be issued before a SSC is signed. The solicitation must notify prospective bidders that the availability of funds for the contract is contingent on EPA and the State concluding a SSC. If the SSC is not signed before the bid opening, one of the following decisions must be made:

- The solicitation may be canceled; or
- The bid opening date may be postponed (giving bidders an opportunity to withdraw, modify, or submit new bids).

To ensure that Fund monies are effectively used, procurement activities should be initiated with RD funds only when the region is confident the SSC will be signed before bids are opened.

For additional information on financial management responsibilities related to SSCs, refer to the Resources Management Directives Systems 2550D, Chapter 9.

Requirements

- As provided by law, the State must provide its assurances through an SSC before Superfund resources can be used to finance a RA.
- SSC must be in place before EPA or a political subdivision can begin Fund-financed RA or NTC removal where the State is sharing costs.
- If USACE will perform the response action, a SSC must be in place before construction contract/agreement can be signed.
- If an IAG is used for the response action, a SSC must be signed before the IAG can be issued
- As part of its assurances, the State must agree to pay its cost share of 10 percent for a RA or NTC removal at privately operated sites, or 50 percent of all prior and future Superfund activities at publicly operated sites. These assurances are made prior to RA start.
- Contains program assurances and cost share payment schedule.

Development

- The SSC is developed by regional program office.

Accounts Receivable

- In most cases, States are required to provide cash payments to EPA for cost shares.
- As State cost share amounts become due, RPM/RPO forwards copy of SSC to Regional Comptroller's Office to record accounts receivable in IFMS.
- RPM/RPO will forward SSC modifications to Regional Comptroller's Office as required.

Payment Schedule

- The State can make its cost share payment(s) either in a lump sum advance or incrementally based on a payment schedule.
- If a State's cost share payment is received in advance, this amount should be used in lieu of EPA's appropriated funds. Matching amounts of reimbursable authority must be requested and issued before they can be used. Similarly, incremental progress payments should be applied to project costs where feasible in lieu of appropriated funds.

Billing

- According to the SSC payment schedule, the Regional Comptroller's Office will send the State a bill for collection indicating cost share amount to be paid.
- Regional Comptrollers Office will reference the SSC, including site name and site/spill identifier number on the bill.
- The State's payment is remitted to respective regional lockbox account.
- The State must include copy of bill with all remittances.

Receipt of Payment

- If payment is not received when due, the Regional Comptroller's Office will follow up with the State via dunning letters.
- Interest does not accrue on the billed amount if the State provides dollars before EPA obligates funds for RA. In this case, the Regional Comptroller's Office places amounts received in reimbursable account.

Closeout

- The RPM/RPO is responsible for advising the Regional Comptroller's Office to close out a SSC.
- Regional Comptroller's Office performs a reconciliation of financial data as part of the SSC close out process.
- State cost share funds remaining or received after the completion of work should be obligated to the project and the commensurate amount of appropriated funds deobligated for use at other sites.

III.E COST RECOVERY PROCESS

CERCLA, as amended, imposes liability on responsible parties for the cost of responding to releases or threatened releases of hazardous substances from hazardous waste sites or spills. When these PRPs fail to clean up sites on their own, EPA may perform the cleanup and later attempt to recover the cleanup costs from the parties. Obtaining reimbursement for these costs through negotiation or judicial action is one of the primary goals of the Superfund program.

Cost recovery documentation is performed by a case development team composed of representatives from the Office of Regional Council (ORC), the regional program office, and the Regional SFO. The involvement and distribution of responsibilities of each of these offices during the cost recovery process varies among the regions, and may be defined by a Regional Inter-Office Memorandum of Understanding.

III.E.1 Cost Recovery Referral Development Process

a. Initiation of Cost Recovery Process

- Regional program office prepares and submits cost recovery checklist through Regional Cost Recovery Coordinator (RCRC) to Regional SFO. Checklist identifies date through which costs are to be documented and date documentation is required.
- RCRC requests site-specific reports generated by the Superfund Cost Recovery Package and Image On-Line System (SCORPIOS) to provide cost basis for negotiations with PRPs.

b. Cost Documentation and Reconciliation

- Involves collecting and reviewing documentation to ensure accounting and cost information are recorded correctly, costs are properly charged, Account Numbers refer to the appropriate site, and costs on documents are accurately reflected in IFMS.
- SFO documents regional Superfund costs and prepares cost summary, computes indirect costs, provides expert and factual financial witness testimony, and interprets financial documents and SCORPIOS reports.
- ORC reviews final cost summary and documentation in preparation for litigation and takes appropriate action pursuant to the Privacy Act and Confidential Business Information requirements.

c. Work Performed Documentation and Reconciliation

- Involves collecting and reviewing documentation to ensure that costs are being pursued for appropriate site activities.
- RCRC assembles copies of any task-creating document (WA, Purchase Order, Delivery Order, etc.) as well as amendments, modifications, progress reports and close-out reports for the tasks included in the cost recovery referral.
- RCRC works with the SFO to ensure agreement between the cost and work performed documentation.
- ORC reviews final work performed documentation package and takes appropriate action pursuant to the Privacy Act and Confidential Business Information requirements.

d. Site File Maintenance

- Diligent maintenance is crucial to cost recovery and is a regional responsibility.
- Financial files are maintained by the FMO until two years after all cost recovery litigation is complete.
- Work performed files are maintained by contracts officials or RCRC in accordance with Agency disposal guidance.
- Disposal of files is permitted 30 years after cost recovery is completed or upon completion of imaging or when no longer needed, whichever is later.
- Cost recovery documentation should be maintained by the RCRC until required by the litigation team.

e. Superfund Indirect Costs

EPA incurs costs that are attributable to individual Superfund sites and indirect costs which support the operation of the Superfund program in general and which also support site cleanups, but cannot be directly accounted for by an individual site. Annual indirect cost rates are computed linking the cleanup activity with the level of benefits received from the support activities.

f. Annual Allocation

The Annual Allocation Reporting Process was implemented to allow the Agency to capture Superfund site-related contract costs consistently and accurately for the purpose of cost recovery and external reporting. This process is the means by which administrative and other non-site costs (program management, capital equipment, start-up and site-

supported costs) associated with the contractors' direct site work are redistributed to the appropriate Superfund sites. The process requires that the contractors follow a documented methodology for allocating certain non-site specific costs to sites and submit an annual allocation report.

g. Cashout/Special Accounts

A cashout is money received by EPA, a State, or another PRP under the terms of a settlement agreement [such as a consent decree (CD), administrative order on consent (AOC) or consent agreement] to address future response action costs at a specified Superfund site.

EPA is authorized to establish and maintain site-specific special accounts where PRPs agree to make cash payments toward response costs at a site (i.e. cashout and/or cost recovery settlements). Cashouts accepted under this authority should be placed in EPA site-specific special accounts before they are used. Once these cash payments have been obtained, the Agency may begin obligating and outlaying the funds in accordance with the settlement agreement.

The Agency has developed a framework to manage and use special accounts to facilitate site cleanup. Regions are encouraged to create and use special accounts as an incentive to secure private party cleanups and to fund EPA lead response actions. Special account funds may also be used, where appropriate, to assist response actions performed by a State or other Federal Agencies.

For more information on special accounts, please refer to the "Consolidated Guidance on the Establishment, Management and Use of CERCLA Special Accounts" issued September 2002.

h. Department of Justice (DOJ) Involvement

DOJ and the United States attorneys act on behalf of EPA in all cost recovery litigation. Only DOJ has the authority to settle a claim for any dollar amount more than \$500,000. EPA has the authority to settle for amounts less than \$500,000 in non-judicial actions. As a result, DOJ's involvement is essential to recovery of costs.

III.F. SUPERFUND FINANCIAL CONTACT INFORMATION

This section provides regional and HQ contact information to assist in resolving and clarifying any financial management issues or difficulties that are encountered.

III.F.1 Regional Superfund Cost Recovery Contacts

Exhibit III-7 identifies the Regional Superfund Cost Recovery Contacts.

**EXHIBIT III-7
REGIONAL COST RECOVERY CONTACTS**

Location/Region	Name of Contact	Phone Number
Region I	Dave Tornstrom Lee Clouthier Ruben Neira	617/918-1135 617/918-1934 617/918-1939
Region II	Richard Manna JoAnn Velez Pam Keyzer	212/637-3480 212/637-3462 212/637-4297
Region III	Daira Arnold Steve Pandza Diane Malancone	215/814-5171 215/814-5178 215/814-5172
Region IV	Connie Crumley Sarah Franco Vickie Tellis	404/562-8240 404/562- 8215 404/516-8218
Region V	Anthony Audia Violet Stroggins	312/886-2196 312/353-4884
Region VI	Dennis McBride John Eagles	214/665-7481 214/665-6535
Region VII	David Piet Gay Ranes	913/551- 7526 913/551- 7442
Region VIII	Judy Lehmann	303/312-6166
Region IX	Tiffanie Pang Yvonne Fong David Wood	415/744-1729 415/744-1742 415/744-1747
Region X	Ruth Broome Diane Norton	206/553-2968 206/553-2962
Research Triangle Park	Gloria Owens Betty Hamilton	919/541- 0052 919/541-4280

III.F.2 Headquarters Superfund Cost Recovery Contacts

Exhibit III-8 identifies the Headquarters Superfund Cost Recovery Contacts.

**EXHIBIT III-8
HEADQUARTERS SUPERFUND COST RECOVERY CONTACTS**

Staff Name	Position	Areas of Specialization	Phone #
Kevin Brittingham	Accountant	Nat'l Documentation Advisor; Special Projects	202/564-4941
Jessica Brown	Accountant	Cost Accounting	202/564-4978
Tommy Brown	Financial Specialist	Cost Documentation; Travel/SCRIPS	202/564-4936
Tom DeHoff	Accountant	Audit Liaison, Reports, Financial Statement Overview	202/564-4946
Bernadette Dunn	Accountant	Cost Accounting; IAG Indirect Rates	202/564-4963
Barbara Edmondson	Accountant	Nat'l Cost Documentation; Superfund Account Codes; Maintain/distribute S/SIDs; Special Projects	202/564-4927
Tanya Jenifer	Financial Specialist	Cost Documentation; Payroll	202/564-4986
Thomas Jones	Financial Specialist	Cost Accounting	202/564-0184
Leslie Kelley-Huffman	Accountant	Annual Allocation	202/564-4805
Levy Mazyck	Accountant	Superfund Indirect Costs	202/564-5219
Ellen Rajewski	Accountant	Cost Accounting	202/564-4977
Sherill Ryan	Accountant	Cost Accounting	202/564-5080
Margaret Stelmak	Clerical Assistant (SEE)		202/564-4926
Karen Summers	Accountant	Cost Accounting	202/564-4453
Tina Van Pelt	Accountant	Annual Allocation; Superfund Contractor Invoice Accounting and Adjustment	202/564-4984
Vince Velez	Financial Specialist	Superfund Policy; Cashouts/Special Accounts; Superfund Accounts Receivable	202/564-4972
Charles Young	Accountant	Superfund Policy Expert/Advisor	202/564-4914

III.F.3 Regional Budget Coordinators

Exhibit III-9 identifies the Regional Budget Coordinators. In each Region a Budget Coordinator serves as the regional lead for all Superfund program resource activities. The Budget Coordinator:

- Coordinates the planning, development and reporting of resources;
- Coordinates the planning and execution of regional priorities;
- Communicates and implements national and regional Superfund budget policies;
- Helps IMC to ensure regional resources associated with accomplishments are complete, current, and consistent, and accurately reflected in WasteLAN; and
- Provides liaison to HQ on program issues.

**EXHIBIT III-9
REGIONAL BUDGET COORDINATORS**

Name/Region	Phone #	Fax #
Susan Walter/Region I	(617) 918-1447	(617) 918-1291
Courtney McEnery /Region II	(212) 637-4295	(212) 637-4360
Robin Faux/Region III	(215) 814-3133	(215) 814-3015
Charlotte Whitley/Region IV	(404) 562-8863	(404) 562-8842
Jatinder Singh/Region V	(312) 353-6756	(312) 353-9306
Helen Newman/Region VI Alternate/Carlene Chambers	(214) 665-6657 (214) 665-3181	(214) 665-6660
Teri Hankins/Region VII	(913) 551-7118	(913) 551-7145
Roger Hoyerheide/Region VIII	(303) 312-6159	(303) 312-6065 (303) 312-6897
Linda Ma/Region IX Alternate/Eugene Rainwater	(415) 972-3232 (415) 972-3217	(415) 947-3528
Lynne Kershner/Region X	(206) 553-6518	(206) 553-0124

III.F.4 Subject Matter Experts

Exhibit III-10 identifies the Headquarters Subject Matter Experts (SMEs) for budget and financial information. The following Headquarters program officers are responsible for Superfund budget planning and execution.

- Office of Solid Waste and Emergency Response (OSWER)
 - Response Budget - Planning, Analysis and Resource Management (PARM) Center in the Office of Superfund Remediation and Technology Innovation (**OSRTI**)
 - Federal Facilities Response Budget - Federal Facilities Restoration and Reuse Office (FFRRO)
- Office of Enforcement and Compliance Assurance (OECA)
 - Enforcement Budget (Technical and Legal) - Program Evaluation and Coordination Branch (PECB) and the Program Operations Staff (POS) in the Office of Site Remediation Enforcement (OSRE)
 - Federal Facilities Enforcement - Federal Facilities Enforcement Office (FFEO)
- Office of Chief Financial Officer (OCFO)/ Office of the Comptroller (OC)
 - Annual Budget process - Annual Planning and Budget Division (APBD)

**EXHIBIT III-10
HEADQUARTERS SUBJECT MATTER EXPERTS**

Subject Matter Expert	Subject Area	Phone #
Alan Youkeles	Action Codes - PBEB/OSTRI	703/603-8784
Alice Ludington	Annual Budget Process - OSRE	202/564-6066
Willie Griffin (Chapter Lead)	Annual Budget Process - PBEB/OSRTI	703/603-8911
Hortensia Coffee	BRAC	703/603-0053
Marie Bell	Federal Facilities Budget	703/603-0050
Lance Elson	Federal Facilities Enforcement Budget	202/564-2577
Art Flaks	BPEB	703/603-9088
Nancy Ortowski	Real Property Acquisitions	703/603-8785
Steven Wilson	Resource Management	202/564-3646
Kevin Brittingham	Superfund Financial Management	202/564-4941
Robert White	SCAP Report Coordinator	703/603-8873
Jeff Lape	Resource Management	703/ 603-8914

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